

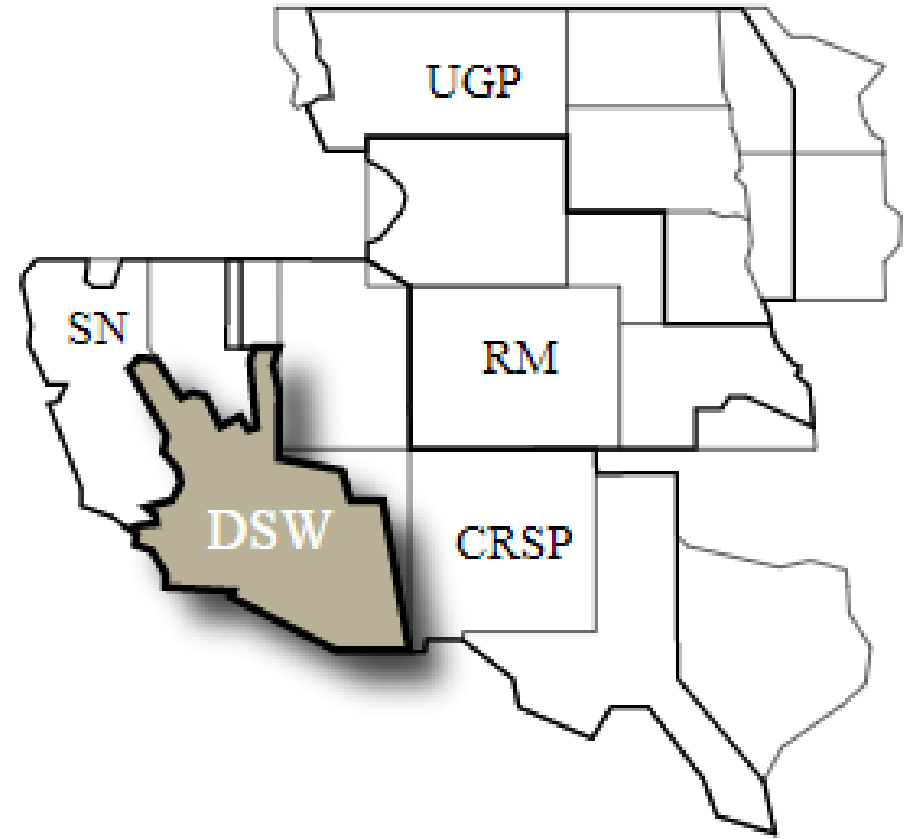
Arizona Tribal Energy Association 2022 Annual Meeting

Scott R. Lund
February 17, 2022



Leadership Changes at DSW

- August 2021, Tracey LeBeau selected as WAPA's Administrator
- Currently filling the DSW Senior Vice President and Regional Manager position
- In the interim, Jack Murray then Scott Lund selected as Acting Senior Vice President and Regional Managers



2021 Accomplishments and Events



- Study and decision to join CAISO's Energy Imbalance Market (EIM)
- Interconnected a 425 MW wind farm with 250 MW of transmission service
- Prevented outages from wildland fires such as the Backbone Fire
- Performed critical maintenance for grid reliability – Mead Breaker 998



2021 Accomplishments and Events

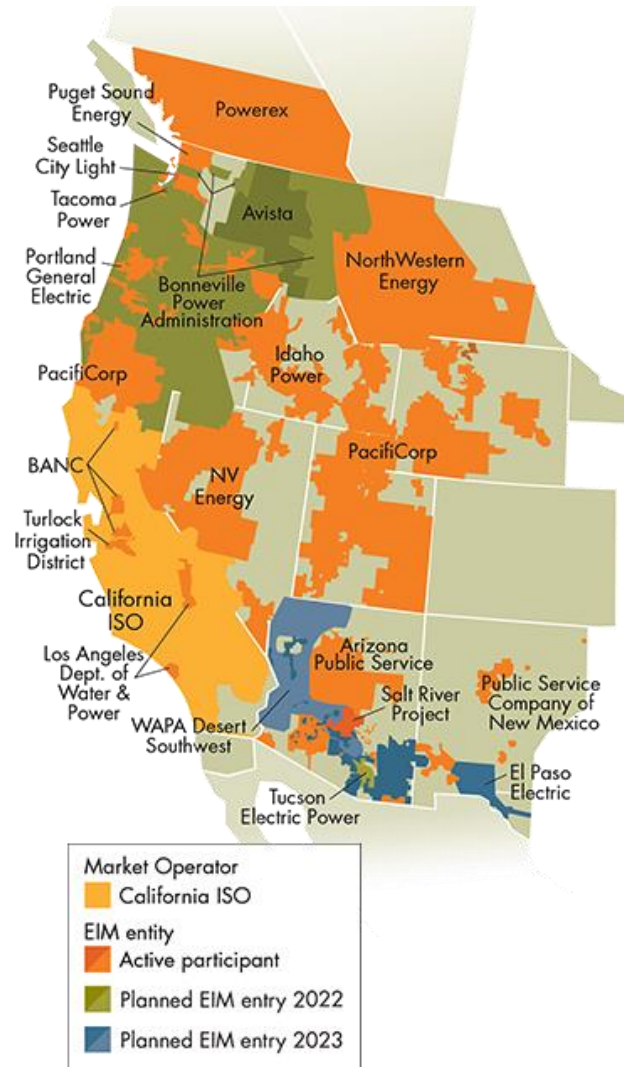
- Rate Stability:
 - Boulder Canyon Project +3%
 - Central Arizona Project N/C
 - ED5-PVH Project N/C
 - Intertie Project N/C
 - Parker-Davis Project Gen +11%
 - Parker-Davis Project Tran +5%



What's Ahead in 2022?



Energy Imbalance Market



- Implementation agreements with CAISO signed Fall of 2021
- Participation beginning April of 2023
- Engaged Utilicast and other contract support to assist with implementation
- Tasks:

Network Model

Metering Upgrades

Energy Accounting Systems

Scheduling Systems

Outage Submission Systems

Rate Schedules

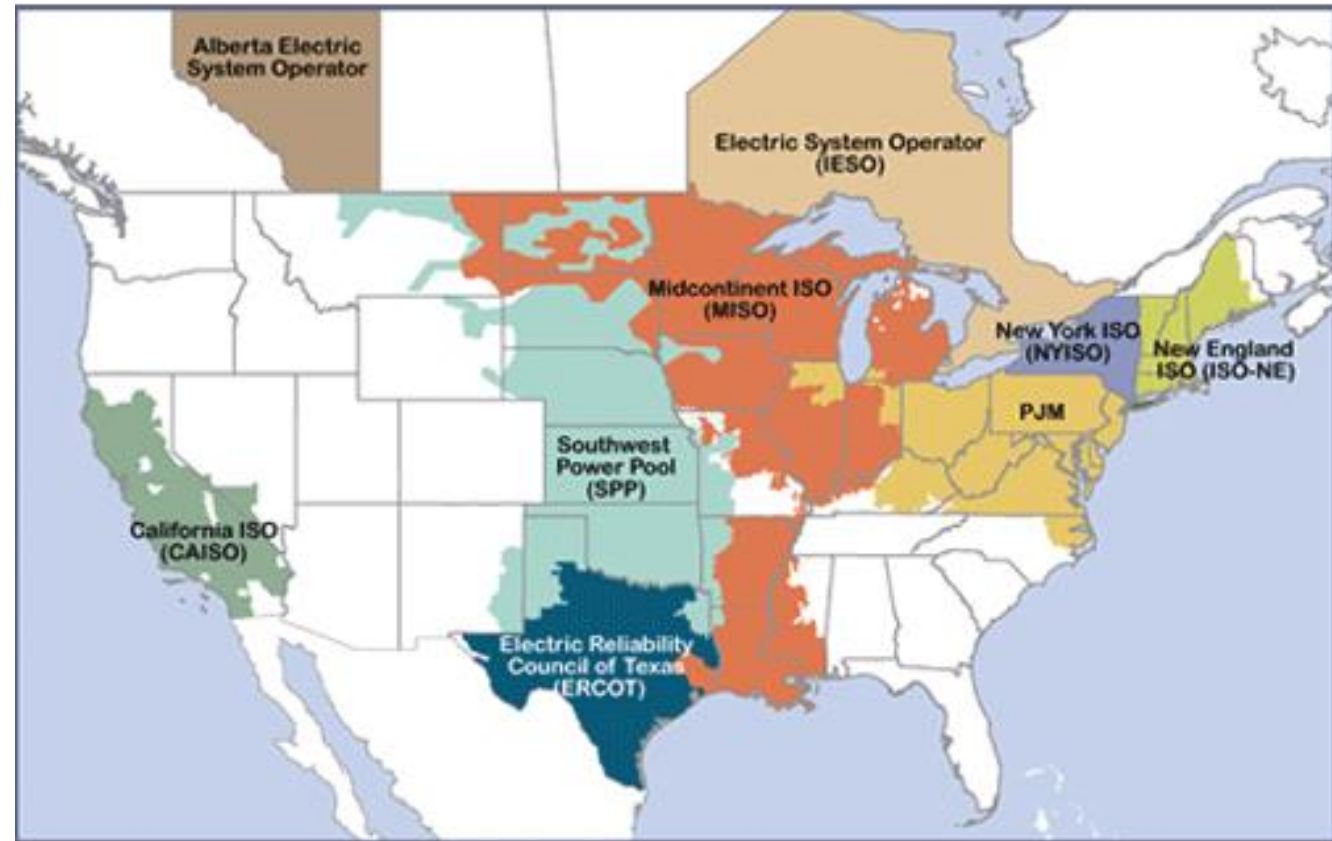
OATT Revisions

Staffing/Training



Other Market Activities

- CAISO's Extended Day-Ahead Market (EDAM)
- SPP's Markets+
- SPP's Regional Transmission Organization (RTO)
- Western Markets Exploratory Group (WMEG)



Parker-Davis Project Marketing



- Current power contracts expire 2028
- Considering:
 - How much to market?
 - Changes to service?
 - How it will be marketed?
- Difficult decisions that are further complicated by poor hydrology
- Renewed engagement in 2022



Combined Transmission Rate



- One Transmission Rate (OTR)
- Single price applicable to all DSW transmission systems:
 - Central Arizona Project
 - ED5-PVH Project
 - Intertie Project
 - Parker-Davis Project
- Increases efficiency, reduces pancaked service, encourages additional sales, enhances financial and rate stability



Drought Mitigation

- Continued dialogue regarding ideas
- Three-fold approach with Reclamation and WAPA:
 - Improve value of products
 - Increase revenues
 - Decrease costs
- Many successes to date, but we need to do more
- Drought impact estimate available



Customer Visits

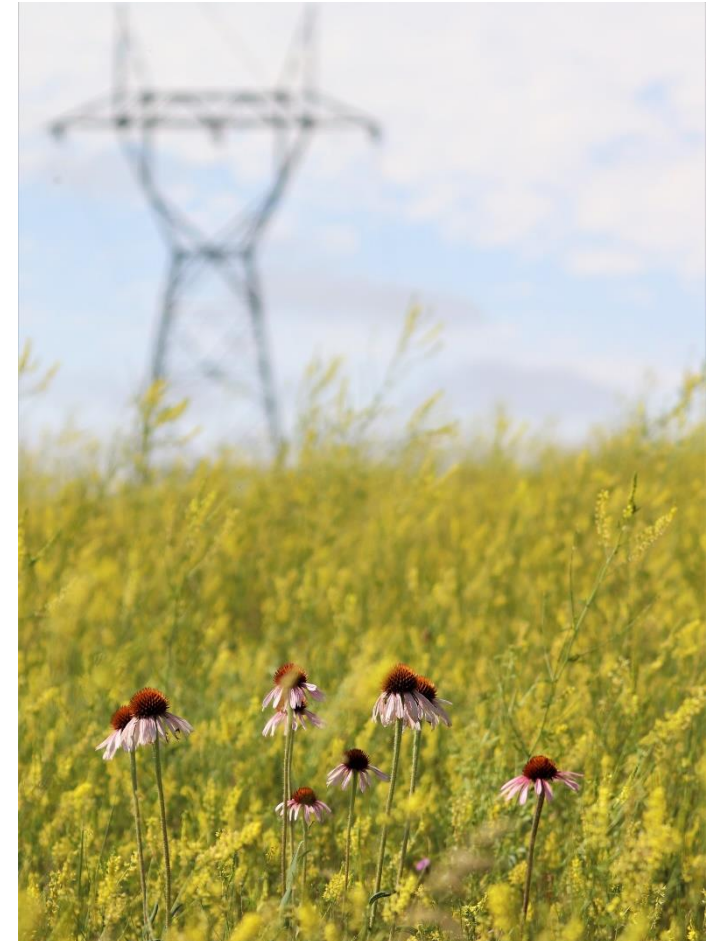


- When it is safe to do so, we would like to visit your offices
- Introduce you to new members of our management team and meet your new staff
- Renew our partnerships and learn how we can better serve you



Other Leadership Updates

- Jack Murray is working on special projects WAPA-wide
- Michelle Fink selected as DSW Program and Regulatory Advisor
- Mike Simonton is DSW's Acting VP of Transmission System Assets
- Ron Klinefelter is Acting General Counsel



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